

Regular Session, 2010

SENATE BILL NO. 84

BY SENATOR B. GAUTREAUX

PAROCHIAL EMPLOYEES RET. Requires any employer who exits the system to pay its portion of the liabilities. (7/1/10)

1 AN ACT

2 To amend and reenact R.S. 11:1903(C)(2), (D), and (E), relative to the Parochial Employees'
3 Retirement System of Louisiana; to provide with respect to continuing liability of a
4 participating employer which terminates its agreement for coverage of employees;
5 to provide relative to interest rates on delinquent amounts owed to the system; to
6 provide for an effective date; and to provide for related matters.

7 Notice of intention to introduce this Act has been published.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 11:1903(C)(2), (D), and (E) are hereby amended and reenacted to
10 read as follows:

11 §1903. Admission of taxing districts; district indigent defender programs; soil and
12 water conservation districts

13 * * *

14 C.(1) * * *

15 (2) Every political subdivision or instrumentality required to make payments
16 under Paragraph (1) of this Subsection ~~as~~ **is** authorized, in consideration of the
17 employee's retention in, or entry upon, employment after enactment of this Chapter,

1 to impose upon its employees, as to services which are covered by an approved plan,
2 a contribution with respect to earnings ~~equal to such amount~~ as may be provided in
3 Parts III and IV of this Chapter, and to deduct the amount of such contribution from
4 the earnings as and when paid. Contributions so collected shall be paid into the
5 contribution fund in partial discharge of the liability of such political subdivision or
6 instrumentality under Paragraph (1) of this Subsection. Failure to deduct such
7 contribution shall not relieve the employee or employer of liability therefor.

8 * * *

9 D. Delinquent payments due under Paragraph (1) of Subsection C of this
10 Section, may, with interest at the system's actuarial valuation ~~rate of six percent~~
11 ~~per annum~~ **compounded annually**, be recovered by action in a court of competent
12 jurisdiction against the district subdivision or instrumentality liable therefor or may,
13 upon due certification of delinquency and at the request of the board of trustees, be
14 deducted from any other ~~moneys~~ **monies** payable to such district by any department
15 or agency of the state.

16 E. (1) If any plan entered into under this Section is terminated, the taxing
17 district, branch, or section of a parish which terminates its plan may not again
18 participate in the system pursuant to this Section, unless approved by the board of
19 trustees ~~and the Joint Legislative Retirement Committee.~~

20 **(2) Notwithstanding any other provision of law, if an employer**
21 **terminates its agreement for coverage of its employees, the employer shall remit**
22 **to the system that portion of the unfunded actuarial accrued liability, if any,**
23 **which is attributable to the employer's participation in the system. The amount**
24 **required to be remitted pursuant to this Paragraph shall be determined as of**
25 **the December thirty-first immediately prior to the date of termination. Such**
26 **determination shall be made using the entry age normal actuarial funding**
27 **method.**

28 **(3) The amount due shall be determined by the actuary employed by the**
29 **system and shall either be paid in a lump sum or amortized over ten years in**

equal monthly payments with interest at the system's actuarial valuation rate
in the same manner as regular payroll payments to the system, at the option of
the employer.

(4) Should the employer fail to make payment timely, the amount due
shall be collected in the same manner as authorized by Subsection D of this
Section and R.S. 11:2014.

* * *

Section 2. This Act shall become effective on July 1, 2010; if vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on July 1, 2010, or on the day following such approval by the legislature, whichever is later; and shall be applicable to any employer which terminates participation with the retirement system on or after July 1, 2010.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Lauren B. Bailey.

DIGEST

B. Gautreaux (SB 84)

Present law permits the board of trustees of the Parochial Employees' Retirement System (PERS) to collect delinquent employer contributions with interest at a rate of 6% per annum.

Proposed law retains present law but changes the interest rate collectible on delinquent contributions from 6% to the system's actuarial valuation rate.

Present law has no provision requiring an employer who terminates its agreement for coverage to remit payment for the accrued liability for the benefits due its employees.

Proposed law provides that any employer terminating employee coverage with PERS shall pay its share of the system's unfunded accrued liability existing on December 31st prior to such employer's termination of participation. The amount due shall be amortized over 10 years and may, at the option of the employer, be paid in a lump sum or equal monthly payments with interest at the system's valuation interest rate.

Effective July 1, 2010.

(Amends R.S. 11:1903(C)(2), (D), and (E))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Retirement to the original bill.

1. Removes all references to R.S. 11:2014(C).